

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Special Session
2001

CHAPTER 6

HOUSE BILL 2020

AN ACT

AMENDING SECTION 15-977, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 11, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1305; AMENDING TITLE 15, CHAPTER 11.1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1373; AMENDING SECTION 15-1425, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 75, SECTION 1; AMENDING SECTIONS 15-2081, 15-2084 AND 37-521, ARIZONA REVISED STATUTES; AMENDING LAWS 2001, CHAPTER 233, SECTION 5; MAKING APPROPRIATIONS; BLENDING MULTIPLE ENACTMENTS; RELATING TO EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-977, Arizona Revised Statutes, is amended to
3 read:

4 15-977. Classroom site fund; definitions

5 A. The classroom site fund is established consisting of monies
6 transferred to the fund pursuant to section 37-521, subsection B and section
7 42-5029, subsection E, paragraph 10. The department of education shall
8 administer the fund. School districts and charter schools may not supplant
9 existing school site funding with revenues from the fund. All monies
10 distributed from the fund are intended for use at the school site. Each
11 school district or charter school shall allocate forty per cent of the monies
12 for teacher compensation increases based on performance and employment
13 related expenses, twenty per cent of the monies for teacher base salary
14 increases and employment related expenses and forty per cent of the monies
15 for maintenance and operation purposes as prescribed in subsection C of this
16 section. Teacher compensation increases based on performance or teacher base
17 salary increases distributed pursuant to this subsection shall supplement,
18 and not supplant, teacher compensation monies from any other sources. The
19 school district or charter school shall notify each school principal of the
20 amount available to the school by April 15. The district or charter school
21 shall request from the school's principal each school's priority for the
22 allocation of the funds available to the school for each program listed under
23 subsection C of this section. The amount budgeted by the school district or
24 charter school pursuant to this section shall not be included in the
25 allowable budget balance carryforward calculated pursuant to section
26 15-943.01.

27 B. Monies in the fund are continuously appropriated, are exempt from
28 the provisions of section 35-190 relating to lapsing of appropriations and
29 shall be distributed as follows:

30 1. By March 30 of each year the staff of the joint legislative budget
31 committee shall determine a per pupil amount from the fund for the budget
32 year using the estimated statewide weighted count for the current year
33 pursuant to section 15-943, paragraph 2, subdivision (a) and based on
34 estimated available resources in the classroom site fund for the budget year.

35 2. The allocation to each charter school and school district for a
36 fiscal year shall equal the per pupil amount established in paragraph 1 of
37 this subsection for the fiscal year multiplied by the weighted student count
38 for the school district or charter school for the fiscal year pursuant to
39 section 15-943, paragraph 2, subdivision (a).

40 3. For grades nine through twelve, multiply the amount determined
41 under paragraph 1 of this subsection by the weight that corresponds to the
42 student count as provided in section 15-943, paragraph 1, subdivision (a),
43 column 3.

44 4. For a school district with a student count of six hundred or more
45 in kindergarten programs and grades one through eight multiply the amount

1 determined under paragraph 1 of this subsection by 1.158 and for a school
2 district with a student count of six hundred or more in grades nine through
3 twelve multiply the amount determined under paragraph 1 of this subsection
4 by 1.268.

5 5. For programs for preschool children with disabilities, multiply the
6 amount determined under paragraph 1 of this subsection by 1.158.

7 C. Monies distributed from the classroom site fund shall be spent for
8 the following maintenance and operation purposes:

- 9 1. Class size reduction.
- 10 2. Teacher compensation increases.
- 11 3. AIMS intervention programs.
- 12 4. Teacher development.
- 13 5. Dropout prevention programs.
- 14 6. Teacher liability insurance premiums.

15 D. The district governing board or charter school shall allocate the
16 classroom site fund monies to include, wherever possible, the priorities
17 identified by the principals of the schools while assuring that the funds
18 maximize classroom opportunities and conform to the authorized expenditures
19 identified in subsection A of this section.

20 E. School districts and charter schools that receive monies from the
21 classroom site fund shall submit a report by November 15 of each year to the
22 superintendent of public instruction on a per school basis that provides an
23 accounting of the expenditures of monies distributed from the fund during the
24 previous fiscal year and a summary of the results of district and school
25 programs funded with monies distributed from the fund. The department of
26 education in conjunction with the auditor general shall prescribe the format
27 of the report under this subsection.

28 F. School districts and charter schools that receive monies from the
29 classroom site fund shall receive these monies ~~in the same manner as the~~
30 ~~apportionment schedule prescribed in section 15-973, subsection B.~~ MONTHLY
31 IN AN AMOUNT NOT TO EXCEED ONE-TWELFTH OF THE MONIES ESTIMATED PURSUANT TO
32 SUBSECTION B OF THIS SECTION, EXCEPT THAT IF THERE ARE INSUFFICIENT MONIES
33 IN THE FUND THAT MONTH TO MAKE PAYMENTS, THE DISTRIBUTION FOR THAT MONTH
34 SHALL BE PRORATED FOR EACH SCHOOL DISTRICT OR CHARTER SCHOOL. THE DEPARTMENT
35 OF EDUCATION MAY MAKE AN ADDITIONAL PAYMENT IN THE CURRENT MONTH FOR ANY
36 PRIOR MONTH OR MONTHS IN WHICH SCHOOL DISTRICTS OR CHARTER SCHOOLS RECEIVED
37 A PRORATED PAYMENT IF THERE ARE SUFFICIENT MONIES IN THE FUND THAT MONTH FOR
38 THE ADDITIONAL PAYMENTS. THE STATE IS NOT REQUIRED TO MAKE PAYMENTS TO A
39 SCHOOL DISTRICT OR CHARTER SCHOOL CLASSROOM SITE FUND IF THE STATE CLASSROOM
40 SITE FUND REVENUE COLLECTIONS ARE INSUFFICIENT TO MEET THE ESTIMATED
41 ALLOCATIONS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS PURSUANT TO SUBSECTION
42 B OF THIS SECTION.

43 G. THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND AND THE STATE
44 EDUCATION SYSTEM FOR COMMITTED YOUTH SHALL RECEIVE MONIES FROM THE CLASSROOM
45 SITE FUND IN THE SAME MANNER AS SCHOOL DISTRICTS AND CHARTER SCHOOLS. THE

1 ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND AND THE STATE EDUCATION
2 SYSTEM FOR COMMITTED YOUTH ARE SUBJECT TO THIS SECTION IN THE SAME MANNER AS
3 SCHOOL DISTRICTS AND CHARTER SCHOOLS.

4 G. H. For purposes of this section:

5 1. "AIMS intervention" means summer programs, after school programs,
6 before school programs or tutoring programs that are specifically designed
7 to ensure that pupils meet the Arizona academic standards as measured by the
8 Arizona instrument to measure standards test prescribed by section 15-741.

9 2. "Class size reduction" means any maintenance and operations
10 expenditure that is designed to reduce the ratio of pupils to classroom
11 teachers, including the use of persons who serve as aides to classroom
12 teachers.

13 Sec. 2. Title 15, chapter 11, article 1, Arizona Revised Statutes, is
14 amended by adding section 15-1305, to read:

15 15-1305. Arizona state schools for the deaf and the blind;
16 classroom site fund

17 THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND CLASSROOM SITE
18 FUND IS ESTABLISHED CONSISTING OF MONIES RECEIVED FROM THE DEPARTMENT OF
19 EDUCATION PURSUANT TO SECTION 15-977. THE ARIZONA STATE SCHOOLS FOR THE DEAF
20 AND THE BLIND SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE EXEMPT FROM
21 THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS AND
22 ARE CONTINUOUSLY APPROPRIATED.

23 Sec. 3. Title 15, chapter 11.1, article 1, Arizona Revised Statutes,
24 is amended by adding section 15-1373, to read:

25 15-1373. State education system for committed youth; classroom
26 site fund

27 THE STATE EDUCATION SYSTEM FOR COMMITTED YOUTH CLASSROOM SITE FUND IS
28 ESTABLISHED CONSISTING OF MONIES RECEIVED FROM THE DEPARTMENT OF EDUCATION
29 PURSUANT TO SECTION 15-977. THE DEPARTMENT OF JUVENILE CORRECTIONS SHALL
30 ADMINISTER THE FUND. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF
31 SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS AND ARE CONTINUOUSLY
32 APPROPRIATED.

33 Sec. 4. Section 15-1425, Arizona Revised Statutes, as amended by Laws
34 2001, chapter 75, section 1, is amended effective from and after June 30,
35 2002, to read:

36 15-1425. General administrative powers of the state board

37 The state board shall:

38 1. Enact ordinances for the government of the institutions under its
39 jurisdiction.

40 2. Set standards for the establishment, development, administration,
41 operation and accreditation of community colleges.

42 ~~3. Permit and arrange for certification of experienced and qualified~~
43 ~~community leaders in business, the professions and the arts for the purpose~~
44 ~~of teaching classes at a community college in fields of their specific~~
45 ~~competence.~~

1 ~~4.~~ 3. Establish qualifications of the instructional staff and
2 establish standards of vocational and technological competence required to
3 instruct in occupational as well as academic subjects.

4 ~~5.~~ 4. Fix tuitions and fees which the community college districts
5 shall charge and graduate the tuitions and fees between institutions and
6 between residents, nonresidents and students from foreign countries.

7 ~~6.~~ 5. Establish curriculums and designate courses at the several
8 institutions which in its judgment will best serve the interests of this
9 state.

10 ~~7.~~ Fix and collect fees for issuance and renewal of certificates as
11 provided in paragraphs 3 and 4 of this section. The state board shall
12 deposit, pursuant to sections 35-146 and 35-147, all fees in a special fund
13 known as the certification fund, which the state board shall use for the
14 purpose of defraying the costs of certification.

15 ~~8.~~ 6. Prescribe qualifications for admission to community colleges
16 for veterans, honorably discharged, who served on active duty in the armed
17 forces for a minimum of one year and who were previously enrolled at a
18 community college or university in this state. For the purpose of
19 determining the qualifications the state board may not consider prior failing
20 grades received by the veteran at a community college or university in this
21 state.

22 ~~9.~~ 7. In conjunction with the state board for vocational and
23 technological education review and adopt, within the scope of the statutory
24 definitions of vocational and technological education, program and staff
25 standards with modifications as necessary for courses taught in community
26 colleges. The state board shall base the standards on vocational and
27 technological competence.

28 ~~10.~~ 8. In conjunction with the state board for vocational and
29 technological education, prepare, publish and distribute an annual state plan
30 and a comprehensive five year state plan.

31 ~~11.~~ 9. Prescribe the manner in which the self-evaluation of vocational
32 and technological education programs as provided in section 15-1447 is
33 conducted.

34 ~~12.~~ 10. Prescribe guidelines providing for the transferability between
35 community college district vocational and technological education programs
36 and in conjunction with the state board for vocational and technological
37 education prescribe guidelines for the interrelationship of secondary
38 programs and postsecondary programs.

39 ~~13.~~ 11. In conjunction with the state board for vocational and
40 technological education, develop a process to determine program funding
41 priorities for state aid purposes. The state board shall submit state aid
42 recommendations to the legislature. The recommendations shall be based on
43 the process and on existing cost studies of vocational and technological
44 education in this state.

1 ~~14.~~ 12. Submit to the economic estimates commission prior to January
2 10 of each year the estimated number of full-time equivalent students for
3 each community college district as prescribed in section 15-1466.01.

4 ~~15.~~ 13. Determine academic classes which qualify as open entry, open
5 exit classes as defined in section 15-1401 and prescribe rules for the
6 operation of open entry, open exit classes.

7 ~~16.~~ 14. Require the publisher of each literary and nonliterary
8 textbook used in the community colleges of this state to furnish computer
9 software in a standardized format when software becomes available for
10 nonliterary textbooks, to the state board of directors for community colleges
11 from which braille versions of the textbook may be produced.

12 Sec. 5. Section 15-2081, Arizona Revised Statutes, is amended to read:

13 15-2081. Authorization of state school improvement revenue
14 bonds; expiration

15 A. The school facilities board may issue revenue bonds in a principal
16 amount not to exceed eight hundred million dollars pursuant to this article.
17 THE SCHOOL FACILITIES BOARD MAY ALSO ISSUE QUALIFIED ZONE ACADEMY BONDS
18 WITHIN THE MEANING OF SECTION 1397E OF THE UNITED STATES INTERNAL REVENUE
19 CODE OF 1986 OR SUCCESSOR PROVISIONS PURSUANT TO THIS ARTICLE IN A PRINCIPAL
20 AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS. THE QUALIFIED ZONE ACADEMY
21 BONDS SHALL BE SEPARATELY ACCOUNTED FOR WITHIN THE SCHOOL IMPROVEMENT REVENUE
22 BOND PROCEEDS FUND ESTABLISHED BY SECTION 15-2083. ~~The~~ ALL bonds AUTHORIZED
23 BY THIS SECTION may be issued for the following purposes:

24 1. To provide monies to pay the cost of:

25 (a) Correcting existing deficiencies as prescribed by section 15-2021.

26 (b) Bond related expenses including any expenses incurred by the
27 school facilities board to issue and administer its bonds including
28 underwriting fees and costs, trustee fees, financial consultant fees,
29 printing and advertising costs, paying agent fees, transfer agent fees,
30 legal, accounting, feasibility consultant and other professional fees and
31 expenses, bond insurance or other credit enhancements or liquidity
32 facilities, attorney and accounting fees and expenses related to credit
33 enhancement, bond insurance or liquidity enhancement, remarketing fees,
34 rating agency fees and costs, travel and telephone expenses and all other
35 fees considered necessary by the school facilities board in order to market
36 and administer the bonds.

37 2. To fully or partially fund any reserves or sinking accounts
38 established by the bond resolution.

39 B. The school facilities board shall authorize the bonds by
40 resolution. The resolution shall prescribe:

41 1. The fixed or variable rate or rates of interest, the date or dates
42 on which interest is payable and the denominations of the bonds.

43 2. The date or dates of the bonds and maturity, within twenty years
44 after the date of issuance.

45 3. The form of the bonds.

1 4. The manner of executing the bonds.

2 5. The medium and place of payment.

3 6. The terms of redemption, which may provide for a premium for early
4 redemption.

5 C. The bonds issued pursuant to this article shall be known as state
6 school improvement revenue bonds.

7 D. The authority of the school facilities board to issue school
8 improvement revenue bonds pursuant to this article expires from and after
9 June 30, 2003, except for bonds issued to refund any bonds issued by the
10 board.

11 Sec. 6. Section 15-2084, Arizona Revised Statutes, is amended to read:
12 15-2084. School improvement revenue bond debt service fund

13 A. The school facilities board shall establish a school improvement
14 revenue bond debt service fund consisting of monies received by the school
15 facilities board pursuant to section 42-5029, subsection E AND SECTION
16 37-521, SUBSECTION B, PARAGRAPH 1. ALL MONIES RECEIVED PURSUANT TO SECTION
17 42-5029, SUBSECTION E SHALL BE ACCOUNTED FOR SEPARATELY AND SHALL BE USED
18 ONLY FOR DEBT SERVICE OF SCHOOL IMPROVEMENT REVENUE BONDS. ALL MONIES
19 RECEIVED PURSUANT TO SECTION 37-521, SUBSECTION B, PARAGRAPH 1 SHALL BE
20 ACCOUNTED FOR SEPARATELY AND SHALL BE USED ONLY FOR DEBT SERVICE OF QUALIFIED
21 ZONE ACADEMY BONDS.

22 B. Monies in the school improvement revenue bond debt service fund may
23 be used only for the purposes authorized by this article.

24 C. The state treasurer or bond trustee shall administer and account
25 for the school improvement revenue bond debt service fund.

26 Sec. 7. Section 37-521, Arizona Revised Statutes, is amended to read:
27 37-521. Permanent state school fund; composition; use

28 A. The permanent state school fund shall consist of:

29 1. The proceeds of all lands granted to the state by the United States
30 for the support of common schools.

31 2. All property which accrues to the state by escheat or forfeiture.

32 3. All property donated for the benefit of the common schools, unless
33 the terms of the donation otherwise provide.

34 4. All unclaimed shares and dividends of any corporation incorporated
35 under the laws of this state.

36 5. The proceeds of sale of timber, mineral, gravel or other natural
37 products or property from school lands and state lands other than those
38 granted for specific purposes.

39 6. The residue of the lands granted for payment of the bonds and
40 accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties,
41 after the purpose of the grant has been satisfied, and the five per cent of
42 the proceeds of sales of public lands lying within this state sold by the
43 United States subsequent to admission of this state into the union, as
44 granted by the enabling act.

1 B. The fund shall be and remain a perpetual fund and distributions
2 from the fund pursuant to article X, section 7, Constitution of Arizona,
3 ~~together with the PLUS monies derived from the rental of the lands and~~
4 ~~property, including interest and accrued rent for that year credited pursuant~~
5 ~~to section 37-295 AND INTEREST PAID ON INSTALLMENT SALES, shall be used as~~
6 follows:

7 1. If there are outstanding state school facilities revenue bonds
8 pursuant to title 15, chapter 16, article 6, OR OUTSTANDING QUALIFIED ZONE
9 ACADEMY BONDS PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 7, the state
10 treasurer AND THE STATE LAND DEPARTMENT shall annually transfer to the state
11 school facilities revenue bond debt service fund established in section
12 15-2054 the amount that is necessary to pay that fiscal year's debt service
13 on outstanding state school facilities revenue bonds OR QUALIFIED ZONE
14 ACADEMY BONDS.

15 2. If there are no outstanding state school facilities revenue bonds
16 pursuant to title 15, chapter 16, article 6 or if the amount of monies
17 available under this subsection exceeds the amount required under paragraph
18 1 of this subsection, the monies are subject to legislative appropriation to
19 the new school facilities fund established by section 15-2041.

20 3. If the amount of monies available under this subsection exceeds the
21 amount required under paragraphs 1 and 2 of this subsection, the legislature
22 may annually appropriate an amount to be used as provided in section 15-971,
23 subsection H, except that the amount appropriated may not exceed the amount
24 ~~appropriated for this purpose in fiscal year 2000-2001~~ FROM THE PERMANENT
25 STATE SCHOOL FUND AND FROM THE RENT AND INTEREST PAID ON INSTALLMENT SALES
26 FOR THIS PURPOSE IN FISCAL YEAR 2000-2001.

27 4. Notwithstanding paragraphs 1, 2, and 3 of this subsection, from and
28 after June 30, 2001, any expendable earnings ~~from the permanent state school~~
29 ~~fund~~ UNDER THIS SUBSECTION that exceed the fiscal year 2000-2001 expendable
30 earnings shall be deposited in the classroom site fund established by section
31 15-977.

32 Sec. 8. Laws 2001, chapter 233, section 5 is amended to read:

33 Sec. 5. State treasurer; school facilities transfer

34 Notwithstanding section 15-2002, subsection A, paragraph 10, Arizona
35 Revised Statutes, or any other law, the state treasurer shall disregard any
36 instructions of the school facilities board relating to the deficiencies
37 correction fund transfers for fiscal year 2001-2002 and fiscal year 2002-2003
38 and instead shall not make any transfer in fiscal year 2001-2002 and ~~shall~~
39 ~~transfer only the sum of \$12,000,000 in fiscal year 2002-2003 from~~
40 transaction privilege revenues to the deficiencies correction fund
41 established by section 15-2021, Arizona Revised Statutes.

42 Sec. 9. School facilities board rules; finality

43 The school facilities board rules adopted pursuant to section 15-2011,
44 subsection F, Arizona Revised Statutes, that establish minimum school

1 facility adequacy guidelines and that are in effect as of November 1, 2001
2 are deemed as final and shall not be revised.

3 Sec. 10. Community college operating and capital outlay state
4 aid appropriations

5 Notwithstanding sections 15-1464 and 15-1466, Arizona Revised Statutes,
6 the fiscal year 2001-2002 appropriations for capital outlay state aid and
7 operating state aid shall be the amounts appropriated in the general
8 appropriations act.

9 Sec. 11. Community college teacher certification fund;
10 reversion of monies

11 Any unused monies remaining in the community college teacher
12 certification fund revert to the state general fund on June 30, 2002.

~~13 Sec. 12. Qualifying tribal community college sales tax~~
~~14 transfer, suspension~~

~~15 Notwithstanding section 42-5031.01, subsection A, Arizona Revised~~
~~16 Statutes, the state treasurer shall not transmit in fiscal year 2002-2003~~
~~17 transaction privilege tax revenues as determined by section 42-5029,~~
~~18 subsection A, Arizona Revised Statutes, to qualifying Indian tribes as~~
~~19 defined in section 42-5031.01, subsection D, Arizona Revised Statutes.~~

20 Sec. 13. Retroactivity

21 Section 15-977, Arizona Revised Statutes, as amended by this act,
22 applies retroactively to May 31, 2001.

23 Sec. 14. Emergency

24 This act is an emergency measure that is necessary to preserve the
25 public peace, health or safety and is operative immediately as provided by
26 law.

APPROVED BY THE GOVERNOR DECEMBER 19, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE DECEMBER 20, 2001.

Passed the House December 4, 20 01,

by the following vote: 36 Ayes,

20 Nays, 4 Not Voting

Jake Flake
Speaker of the House
Pro Tempore
Norman L. Moore
Chief Clerk of the House

Passed the Senate December 14, 20 01,

by the following vote: 24 Ayes,

5 Nays, 1 Not Voting

Robert J. Finkel
President of the Senate
With Emergency

Charmian Bellington
Secretary of the Senate

~~EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR~~

~~This Bill was received by the Governor this~~

~~_____ day of _____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Secretary to the Governor~~

~~Approved this _____ day of~~

~~_____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Governor of Arizona~~

~~EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE~~

~~This Bill was received by the Secretary of State~~

~~this _____ day of _____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Secretary of State~~

SECOND SPECIAL SESSION
H.B. 2020

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

December 14, 2001,

by the following vote: 41 Ayes,

10 Nays, 9 Not Voting

with emergency

Speaker of the House

Norman L. Fyfe

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

17 day of December, 2001,

at 10:55 o'clock A M.

Sandra Ramirez
Secretary to the Governor

Approved this 19th day of

December, 2001,

at 11:14 o'clock A M.

Janice Hull
Governor of Arizona

H.B. 2020
2nd Special Session

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of Dec., 2001,

at 2:31 o'clock P M.

Betsy Bayless
Secretary of State